

ARE YOU FAMILIAR WITH THE INTRAGOVERNMENTAL REPORTING PROCESS?

15th Annual Government Financial
Management Conference

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*Financial Management Service,
Governmentwide Accounting*

Topics of Discussion

- Financial Report of the U.S. Government (FR)
- Intragovernmental Transactions & Reciprocal Categories
- Quarterly Process
- Yearend Process
- Performance Measure Scorecard
- Intragovernmental Initiatives
- Intragovernmental Authority & Guidance

Financial Report of the U.S. Government

- All executive departments required to submit unaudited financial statements to OMB quarterly.
- A consolidated Governmentwide report due each fiscal year.
- Treasury prepares the Financial Report (FR) in coordination with OMB and audited by GAO.
- FY 1997: first year for an audited financial report.
- Disclaimer opinion issued for the past 7 years.
- Major obstacle to a “clean” opinion
 - Elimination of Federal Intragovernmental Activity/Balances
- Intragovernmental Impact on the Governmentwide Audit
 - Material Weakness cited by GAO: FMS is not able to fully eliminate intragovernmental activity in the preparation of the Financial Report of the U.S. Government (FR).

Intragovernmental Transactions

Fiduciary	Non-Fiduciary
Investment in Treasury Securities with BPD	Transfers In/Out
Borrowings from Treasury (BPD & FFB)	Buy/Sell & Reimbursables (Goods & Services Rendered)
FECA Transactions with DOL	
Employee Benefits Transactions with OPM	

Reciprocal Categories

- Pairings of related USSGL accounts used by providing and receiving agencies to reconcile like intragovernmental activity/balances.
- Complete List of Fiduciary & Nonfiduciary Reciprocal Categories located in I TFM 2-4700, Appendix 7.

Quarterly Process

Intragovernmental Fiduciary Confirmation System (IFCS)

- GOALS II Internet Application
- Official confirmation system for federal agencies that engage in fiduciary intragovernmental transactions.
- Agencies are required to confirm and reconcile the following transactions:
 - Investments with BPD
 - Borrowings with BPD and FFB
 - FECA transactions with DOL
 - Employee Benefit Program transactions with OPM

IFCS Access

- Enterprise System Access Request Form (ESAAS) and Rules of Behavior located at: www.fms.treas.gov/goals
- Rules of Behavior must be signed and returned to FMS.
- Select **One** Role and provide a back-up for all roles.
- Fax ESAAS form and Rules of Behavior to Lena Lewis or Sheila Miller at (202) 874-9907.

IFCS Confirmation Process

- Central Fiduciary Agencies submit files to FMS quarterly (BPD, FFB, DOL, OPM).
- FMS System Administrators upload fiduciary files into IFCS.
- Agencies are able to confirm balances within a designated time period.
- Explanations must be provided for all differences
 - Accounting Error
 - Timing Difference
 - Accounting Methodology
 - Rounding Difference
 - Confirmed Reporting
 - Unknown

IFCS Roles & Functions

- Department Administrator: assign fund symbols to confirmation users; view/print forms and reports
- Department User: read-only access
- Confirmation User: edit/view/print confirmation form (assigned only)
- Fiduciary User: read-only access (fiduciary agency only)
- Governmentwide User: FMS & GAO access only
- Dept Admin/Confirmation User: assign fund symbols to confirmation users, view/print forms and reports, edit/view/print confirmation forms (assigned only)
- Dept User/Confirmation User: edit/view/print confirmation forms (assigned department only)
- Dept Admin/Fiduciary User: assign fund symbols to confirmation users; view/print forms and reports (fiduciary agency only)

IFCS User Recertification

- Annual process to re-verify each IFCS user's need for access and the level of that access.
- A recertification form with accompanying instructions is sent to each user's supervisor via email. The form is completed by indicating either "continued" access or "revoke" access for the specified user's role in the system. The recertification form must be signed by the supervisor and faxed to FMS by the designated due date.
- All IFCS users were recertified or revoked June 2005.

Intragovernmental Reporting and Analysis System (IRAS)

- Microsoft Access database software application used as a tool to facilitate reconciliation between reporting agency and its trading partners.
- Developed to conduct detail analysis to the fund group level, and to synthesize quarterly intragovernmental trial balance data extracts, IFCS, and GFRS data.

IRAS Capabilities

- Isolates intragovernmental activity by reciprocal category, trading partner, and USSGL account.
- Compares federal agencies quarterly intragovernmental trial balance extracts to IFCS confirmations and Closing Package reporting.
- Generates reports at the detail and summary levels for submission to 35 verifying agencies, in order to facilitate reconciliation at the reporting level.

Agency “F” Transaction Files

- Quarterly submission of intragovernmental balances for all proprietary USSGL accounts (only transactions with the Federal “F” attribute) .
- Agencies derive intragovernmental balances directly from their departmental trial balances used as the basis for constructing quarterly unaudited financial statements for OMB.
- Text or Excel File Format
- Elements of Text/Excel File:
 - Department Code (2-digit)
 - Bureau Code (2-digit)
 - Fund Group (4-digit)
 - USSGL Account
 - Federal “F” Attribute
 - Trading Partner (2-digit)
 - Dollar Amount
 - Exchange “X” or Nonexchange “T” Attribute
 - Duplicate Partner Code Identifier (DPCI)

IRAS Reports

- **Generated from agency “F” transaction files:**
 - Intragovernmental Activity Detail Report
 - Intragovernmental Activity Summary Report
 - Intragovernmental Reciprocal Category Detail Report
 - Intragovernmental Reciprocal Category Summary Report
 - Quarterly Data vs. IFCS Agency Benefits Report
 - Quarterly Data vs. IFCS Funds (Investments & Borrowings) Report
 - Material Differences/Status of Disposition Certification

Status of Disposition Certification

- Allows you to identify and reconcile material differences with trading partners by reciprocal categories.
- Explanation of Material Differences
 1. Confirmed Reporting
 2. Accounting Error
 3. Timing Difference
 4. Accounting Methodology Difference
 5. Unknown
- Must be certified by agency CFO or designee.

Key Dates: 4th Quarter

10-07-05 IFCS Opens

10-19-05 IFCS Closes

“F” transaction file due to FMS

10-24-05 IRAS Reports to Agencies

10-27-05 Status of Disposition Due to FMS

10-31-05 Comparative Status of Disposition
to Agencies

Yearend Process

CFO Representations

- Links Management Assertions to Closing Package Reporting.
- Chief Financial Officer (CFO) provides responses to representations for each intragovernmental issue cited on the representation form.
- Standard Form: I TFM 2-4700, Appendix 8
 - Section I: General Intragovernmental Reporting Results
 - Section II: Explanation of Closing Package Differences
- Elements of CFO Representation:
 - Consistency between agency audited financial statements and Closing Package data.
 - Closing Package reconciliation with trading partner, by reciprocal category.
 - Explanation of Closing Package Material Differences.

IG Agreed-Upon Procedures

- Inspector General (IG) uses the Agreed-Upon Procedures to assist with accounting for and eliminating intragovernmental activity & balances in the preparation of agency and Governmentwide financial statements.
- IG performs 5 Procedures as indicated in I TFM 2-4700, Appendix 12. Procedures based strictly on Closing Package reporting. IG must perform the procedures regardless of audit opinion on agency's financial statements.
- Elements of IG Agreed-Upon Procedures:
 - Attest to all elements of representations from CFO.
 - Compare IRAS (Closing Package) data to subsidiary records.
 - Test reconciliation of material intragovernmental activity/balances with trading partners.
 - Test intragovernmental controls for financial reporting.

Key Dates: Yearend

- 11-21-05 FMS provides Closing Package reports to CFOs, IGs, GAO
- 11-23-05 CFO Representations due to FMS, GAO, Agency IG
- 11-29-05 FMS provides Closing Package Comparative Status of Disposition to CFOs, IGs, GAO
- 12-02-05 IG Agreed Upon Procedures due to FMS, GAO, Agency CFO

Performance Measure Scorecard

- Annually, FMS reviews reporting efficiency of federal agencies and provides feedback to the agency CFO & IG on their performance.
- Elements to Measure
 - Timeliness
 - Reconciliation of Unexplained Differences
 - Reliability/Completeness
 - Consistency/Reasonableness

Intragovernmental Initiatives

- Intragovernmental Eliminations Taskforce (IGET)
- Intragovernmental Subcommittees
 - Transfers
 - Buy/Sell
 - Investments/Borrowings/Credit Reform

Intragovernmental Authority & Guidance

- Treasury Financial Manual (TFM)
Vol I, Part 2, Chapter 4700
- Federal Intragovernmental Accounting Policies Guide
- OMB Business Rules (Memo # M-03-01)
- OMB Bulletin 01-09 (Form & Content)
- FASAB Standards

Websites

IFCS:

<http://fmsapps.treas.gov/ias>

Intragovernmental:

<http://fms.treas.gov/irri/index.html>

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QUESTIONS?